

MARICOPA COUNTY LIBRARY DISTRICT BOARD OF DIRECTORS MINUTE BOOK

**FORMAL SESSION
March 15, 2006**

The Board of Directors of Maricopa County Library District, Arizona convened in Formal Session at 9:25 a.m., March 15, 2006, in the Board of Supervisors' Auditorium, 205 W. Jefferson, Phoenix, Arizona, with the following members present: Don Stapley, Chairman, District 2; Andrew Kunasek, District 3 and Max W. Wilson, District 4. Absent: Fulton Brock, Vice Chairman, District 1 and Mary Rose Wilcox, District 5. Also present: Fran McCarroll, Clerk of the Board; Shirley Million, Administrative Coordinator; David Smith, County Manager; Bruce White, Deputy County Attorney. Votes of the Members will be recorded as follows: aye-nay-absent-abstain.

MINUTES

Motion was made by Director Wilson, seconded by Director Kunasek, and unanimously carried (3-0-2) to approve the minutes of the meeting held January 4, 2006.

PERSONNEL AGENDA

Motion was made by Director Wilson, seconded by Director Kunasek, and unanimously carried (3-0-2) to approve the Library District Personnel Agenda (Exhibit D). Exhibit D will be found at the end of this set of minutes.

DONATIONS

Motion was made by Director Wilson, seconded by Director Kunasek, and unanimously carried (3-0-2) to accept the donation reports received for February 2006 as on file in the Clerk of the Board's office and retained in accordance with ASLAPR approved retention schedule. (ADM2800-006)

Non-cash donation	\$1,104.53
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REVISE THE BUDGETING FOR RESULTS – BUDGET ACCOUNTABILITY POLICY

Item Summary. Motion was made by Director Wilson, seconded by Director Kunasek, and unanimously carried (3-0-2) to approve revisions to the Budgeting For Results – Budget Accountability Policy (B1001) for the Maricopa County Library District. (C4906027800) (ADM2808)

BUDGET ACCOUNTABILITY POLICY

A. Introduction

According to A.R.S. §42-17106, the County may not incur expenditures in excess of the amounts appropriated by the Board of Supervisors in the annual budget. A Special District may not exceed its duly adopted budget without an action by its Board of Directors amending its budget. The purpose of the Budgeting for Results Accountability Policy is to provide Departments/Special Districts with flexibility in managing their allocated public resources to achieve program results, while upholding accountability for spending within legal appropriations.

B. Definitions

Appropriation: Authorization by the Board of Supervisors to incur expenditures for a specific purpose, defined in Maricopa County as total expenditures by Department and fund; "budget items" as referenced in A.R.S. §42-17106. Appropriation for a Special District is the authorization by its Board of

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Directors to incur expenditures for the purposes specified in the Detailed Budget adopted by the Board of Directors.

Department: All County Departments, including Elected Official Offices, Court Departments, and Appointed Departments.

Detailed Budget: Budget allocation within an appropriation by month, organization unit, program/activity/service, object/source, and position.

Special District: All Maricopa County Special Districts, including the Flood Control District, Library District, and Stadium District.

C. Policy Guidelines

1. Budgets shall be appropriated and controlled by the Board of Supervisors/Board of Directors at the level of Department/Special District and fund and, where applicable, by capital improvement project.
2. Appropriation levels are not guaranteed from one fiscal year to the next. Each year, appropriation amounts for each Department/Special District and fund shall be recommended by OMB for approval by the Board of Supervisors/Board of Directors, based on detailed reviews of spending needs, priorities, expected results, and available funding.
3. Departments/Special Districts shall develop and maintain detailed revenue and expenditure budgets that will be loaded into the main financial system. Detailed budgets will be prepared by month, organization unit, object/source and position according to instructions developed by the Office of Management and Budget. *Beginning in FY 2002-03, detailed budgets will also be allocated to programs and activities.* Detailed budgets shall exactly equal Board appropriations.
4. Appropriations shall be changed during the fiscal year only with Board of Supervisors/Board of Directors approval, with the exception of grants approved by the Board in the previous fiscal year and carried over into the new year. The Office of Management and Budget may approve appropriation adjustments for carried-over grants if the Board of Supervisors/Board of Directors previously appropriated the grant, and the Department of Finance certifies the carried-over grant balance.
5. The Board of Supervisors/Board of Directors must approve all changes in capital improvement project appropriations. All requests for project appropriations must be accompanied by a request for Board approval to amend the five-year capital improvement program.
6. In order to maximize results, Departments/Special Districts will have the flexibility to reallocate their detailed budgets for the remainder of the current fiscal year within appropriations approved by the Board of Supervisors/Board of Directors. Budgetary flexibility is accompanied by the responsibility to produce expected results while absorbing unanticipated spending increases. If a Department/Special District requests an appropriation increase or contingency transfer for an unanticipated spending increase, the Board of Supervisors/Board of Directors shall determine whether the department will be controlled according to its detailed budget. The Office of Management and Budget shall validate that all detailed budget adjustments balance and reconcile to appropriations set by the Board of Supervisors/Board of Directors.

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7. All positions must be fully funded and budgeted in accordance with the *Funded Positions Policy (B3001)*. In order to create new positions, departments/special districts must first verify full-year funding. If a position loses funding, it shall be identified and eliminated.
8. Departments/Special Districts shall recommend for approval any agreements that commit the County/Special District to expenditures for which funding is not identified in future years. Departments/Special Districts shall verify funding for all purchase requisitions or other contracts or agreements.
9. Department/Special District expenditures and revenues shall be monitored and reported on a monthly basis throughout the fiscal year. The Department of Finance shall prepare and submit to the Board a comprehensive monthly analysis of budget variances by Department/Special District and fund, and will investigate any negative year-to-date variances.
10. Any Departments/Special Districts for which the Department of Finance reports a negative year-to-date expenditure or revenue variance must provide a written explanation and corrective action plan to the Department of Finance and the Office of Management and Budget. The Office of Management and Budget and the Department of Finance will review and approve all corrective action plans, and report them to the Board once they are finalized.
11. If there is a significant risk that a Department/Special District will exceed its annual appropriation, the Board of Supervisors/Board of Directors may place restrictions on the ability of a Department/Special District to adjust its detailed budget, and may also control its expenditures according to the detailed budget.
12. Departments/Special Districts shall not exceed their expenditure appropriations. Departments/Special Districts shall be required to reduce expenditures to offset any revenue shortfall. Also, Departments/Special Districts may not exceed the budget for a specific capital improvement project.
13. At the close of the fiscal year, the Department of Finance will prepare and submit to the Board of Supervisors/Board of Directors a comprehensive report of all audited actual expenditures relative to all Department/Special District appropriations. The report will include an explanation of each instance in which expenditures exceed appropriations by the Board of Supervisors/Board of Directors.
14. If a Department/Special District exceeds its annual expenditure appropriation, its expenditures will be reviewed. by the Office of Management and Budget. They will identify the causes of the overrun and report the findings, along with a corrective action plan, to the Board of Supervisors/Board of Directors.
15. If a Department/Special District exceeds its expenditure appropriation, the Office of Management and Budget may recommend that the Department's/Special District's appropriation be appropriated and controlled according to the specific line-items in its detailed budget for the entire succeeding fiscal year, and any changes in the detailed budget shall require Board of Supervisors/Board of Directors approval.
16. The Board of Supervisors/Board of Directors may reduce a Department or Special District's appropriations for the subsequent fiscal year by an amount equal to the overrun in the previous fiscal year.

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PERFORMANCE-BASED SALARY ADVANCEMENT PLAN

Item Summary. Motion was made by Director Wilson, seconded by Director Kunasek, and unanimously carried (3-0-2) to approve the document, "FY 2006-07 Performance-Based Salary Advancement Plan" for the Maricopa County Library District. The provisions of this document supersede Section VI, Paragraph A of the Maricopa County Compensation Plan, entitled "Salary Advancements". (C4906030600) (ADM2800-001)

FY 2006-07 Performance-Based Salary Advancement Plan

Purpose:

The purpose of this plan is to recognize employees' performance in an equitable manner so that they will be motivated to continue to perform.

Background:

The compensation strategy described in this document is a continuation of the pay for performance compensation strategy began in FY 2004-05, which facilitated the County moving to a more regular compensation funding and distribution system.

Applicability:

The guidelines and process outlined in this plan will apply to all performance-based salary advancements awarded in FY 2006-07. No performance-based salary advancements will be awarded outside of this process. Participation in this process is a condition for Board appropriation of funds. For elected and judicial branch agencies, the Office of Management and Budget may approve minor variances from specific guidelines in this plan if they are consistent with the overall direction, and there is no increased annualized budgetary impact.

Upon adoption by the respective boards of directors for the Flood Control District, Stadium District and Library District, the references herein to County departments shall be deemed to refer to the special district as appropriate.

Employee Eligibility:

Employees will be eligible for performance-based salary advancements if they meet the following criteria:

- a) Employed on a full or part-time basis in classified, unclassified or contract status; temporary employees are not eligible.
- b) Employed continuously in their current position/job title for at least one year as of the effective date of their salary advancement. Salary advancements for employees eligible mid-year will be pro-rated based on the remaining time in the fiscal year.
- c) Employed by any County department except the Maricopa Managed Care System.
- d) Have a current performance appraisal (completed within the last 12 months) on file in Human Resources as of the effective date of the salary advancement, with a performance rating of 3 (Meets or Base Performance) or higher.
- e) May not be on initial or performance probation as of the effective date of their salary advancement.

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Department Expenditure Caps:

The annualized cost of each department's implementation plan for performance-based salary advancements may not exceed not more than 3.5% of its budgeted regular salaries and associated variable benefits by fund (excluding amounts budgeted for positions with salaries defined by statute, such as elected officials, and executive-level positions, which will be funded centrally).

Employee Award Guidelines:

Eligible employees will receive performance-based salary adjustments based on their current performance evaluation. Increases will be applied to the employee's current base salary (unless the employee is over the maximum pay rate for their position). Within a department, the highest percentage increase awarded to any employee with a specific performance rating must be less than the lowest percentage increase awarded to any employee with the next highest performance rating. For example, an employee with a rating of "3" may not receive a 5% increase if any other employee in the same department with a rating of "4" is to receive an increase of less than 5%.

Although performance increases must average not more than 3.5% in order for departments to stay within their funding allocation, individual increases may and should vary from this amount based on individual performance ratings. Please note that performance increases exceeding 10% will require approval by the Compensation Review Committee prior to inclusion on the personnel agenda, which may delay implementation of these increases.

Allocation Guidelines:

Given that pay increases will be based solely on performance, department directors are strongly encouraged to meet with their managers and supervisors regarding standards and expectations for performance plans and appraisals. Supervisors and managers are encouraged to attend County-sponsored training on this topic. Managers and supervisors should evaluate employees based on established performance plans, which tie directly to the department's strategic plan and goals. Employees should be evaluated on criteria that are objective and measurable. All employees must be rated on the County's standard five-point scale, unless an exception is requested and granted by the Human Resources Department.

It should be noted that funds have been earmarked in FY 2006-07 to cover market adjustments for some staff. Departmental management is encouraged to communicate with the Employee Compensation Division within OMB on market-based salary concerns. All requests will be prioritized based on demonstrated recruitment and retention difficulties, as well as impact on service delivery and ability to meet departmental goals. Please do not attempt to address market-based salary issues through the performance pay process.

Funding Allocation:

Departments' expenditure appropriated budget targets will be adjusted as necessary to fund implementation of this approved performance-based salary adjustment plan, not to exceed 3.5% of budgeted regular salaries and associated variable benefits by fund (excluding amounts budgeted for positions with salaries defined by statute and executive-level positions).

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Effective Dates:

For initially eligible employees, salary advancements will be effective July 3, 2006. For employees who become eligible later in the fiscal year, effective dates may be at the beginning of the next pay period after their eligibility date up to June 30, 2007.

Approval and Implementation:

1. Departments will be provided a standardized spreadsheet which lists all employees. Departments are expected to verify that all employees are included, and that employee-level information (such as position, position entry date, etc.) is correct, and indicate each employee's performance rating. Spreadsheets will be submitted to OMB, Employee Compensation Division for review. Copies of employee evaluations should be sent to Employee Records prior to submission of the pay for performance spreadsheet in order to document the ratings listed in the spreadsheet.
2. OMB will review each department's implementation plan for completeness and adherence to the approved guidelines. Funding will be reserved for employees with less than one year in their position.
3. Once a department plan is approved, the Office of Management and Budget will work with departments to implement the salary advancements as soon as possible. Retroactive pay will be provided if adjustments cannot be implemented by the targeted effective date.

MEETING ADJOURNED

There being no further business to come before the Board, the meeting was adjourned.

Don Stapley, Chairman of the Board

ATTEST:

Fran McCarroll, Clerk of the Board